

ORIGINAL



0000172525

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

DOUG LITTLE, Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

Arizona Corporation Commission

DOCKETED

AUG 10 2016

DOCKETED BY

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL
2016 AUG 10 A 10:12

IN THE MATTER OF THE JOINT APPLICATION
OF WILLOW VALLEY WATER CO., INC. AND
EPCOR WATER ARIZONA INC. FOR
APPROVAL OF THE SALE OF ASSETS AND
TRANSFER OF CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. W-01732A-15-0131

DOCKET NO. W-01303A-15-0131

DECISION NO. 75484

NOTICE OF COMPLIANCE
FILING - WATER LOSS REPORT

1 Decision No. 75484, dated March 10, 2016, approved the sale of Willow Valley Water
2 Co., Inc.'s ("Willow Valley") assets and the transfer of its Certificate of Convenience and
3 Necessity to EPCOR Water Arizona Inc. ("EPCOR"). The sale was completed on May 9, 2016.
4 As part of this sale the Commission ordered that EPCOR shall continue to comply with all
5 Commission decisions and outstanding compliance matters previously required of Willow Valley
6 relating to the acquired water system. The reporting on annual water loss was approved in
7 Decision No. 71878 (issued September 15, 2010) and was carried forward in Decision No. 74364
8 (February 26, 2014).


9 In compliance with Decision No. 75484, EPCOR hereby files the attached annual water
10 loss report for the period January 1, 2015 to December 31, 2015. Please note that the data
11 reflected in this report was provided to EPCOR by Global Water because Willow Valley was
12 still under their ownership and operation during this reporting period. As such, EPCOR does not
13 attest to the accuracy or validity of the data.

14 Previous filings of the Water Loss Report by Global Water included mitigation plans for
15 the upcoming year. EPCOR is under order (Decision No. 75484) to file a report "containing a
16 detailed analysis and plan to reduce water loss to 10% or less. If the EPCOR Water Arizona, Inc.

1 believes it is not cost effective to reduce water loss to less than 10 percent, it should submit a
2 detailed cost benefit analysis to support its opinion within the same time frame. In no case shall
3 EPCOR Water Arizona, Inc. allow water loss to be greater than 15 percent.” On June 7, 2016,
4 EPCOR filed a request for an extension of time for this required compliance filing until August
5 9, 2016. ACC Staff filed its response to EPCOR’s extension request on June 27, 2016 stating
6 that “Staff does not object to the Company request for an extension of time”. Further, Staff
7 recommended that the due date be extended until December 31, 2016. Today’s filing, therefore,
8 omits future mitigation plans at this time. EPCOR cannot attest to mitigation performed in 2015
9 because Willow Valley was still under Global Water’s ownership and operation during the 2015
10 reporting period. Future filings will include a summary of efforts made during the reporting
11 period and planned future mitigation efforts to reduce water loss in the Willow Valley District.

12
13 Respectfully submitted on August 10, 2016.

14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37


Sarah M. Mahler
EPCOR Water Arizona Inc.
2355 W. Pinnacle Peak Road, Suite 300
Phoenix, AZ 85027

1 Original and 13 copies **filed**
2 on August 10, 2016, with:

3
4 Docket Control
5 Arizona Corporation Commission
6 1200 West Washington Street
7 Phoenix, Arizona 85007
8
9

10 Copies of the foregoing **emailed**
11 on August 10, 2016, to:

12
13 Barbara Keene
14 Compliance, Manager
15 Utilities Division
16 1200 West Washington Street
17 Phoenix, AZ 85007
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45

1 5. EPCOR Water Arizona, Inc. is a fit and proper entity to receive the assets and
2 certificated area of Willow Valley Water Co., Inc.

3 6. It is in the public interest to approve the application subject to the recommendations of
4 Staff as set forth in Findings of Fact No. 4, as modified herein.

5 **ORDER**

6 IT IS THEREFORE ORDERED that the joint application of Willow Valley Water Co., Inc.
7 and EPCOR Water Arizona, Inc. for the sale of Willow Valley Water Co., Inc.'s water system assets
8 and the transfer of its Certificate of Convenience and Necessity is approved as conditioned herein.

9 IT IS FURTHER ORDERED that, as discussed herein, consideration of the proposed
10 Acquisition Adjustment Mechanism shall be deferred to Willow Valley Water Co., Inc.'s next general
11 rate case.

12 IT IS FURTHER ORDERED that EPCOR Water Arizona, Inc. shall continue to charge water
13 customers in the certificated service area of Willow Valley Water Co., Inc.'s currently authorized rates
14 and charges.

15 IT IS FURTHER ORDERED that EPCOR Water Arizona, Inc. shall continue to comply with
16 all Commission decisions and outstanding compliance matters previously required of Willow Valley
17 Water Co., Inc. relating to the acquired water system.

18 IT IS FURTHER ORDERED that EPCOR Water Arizona, Inc. is hereby put on notice that
19 Willow Valley Water Co., Inc. should work towards a balanced capital structure and that a hypothetical
20 capital structure may be deemed appropriate in a future rate proceeding if EPCOR Water Arizona, Inc.
21 fails to comply with this condition.

22 ...

23 ...

24 ...

25 ...

26 ...

27 ...

28 ...

EPCOR WATER ARIZONA
 Willow Valley Water District
 Water Loss For the Period January 2015 to December 2015

*Provided to EPCOR by Willow Valley Water Company (Global Water Resources, Inc.)

[A]	[B]	[C]	[D]	[E] [B]-[D]	[F]	[G] 1-([E]/[F])
MONTH	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	Gallons Utilized by Utility	Adjusted Sales	Adjusted Pump	Water Loss
1/1/2015*	4,111	5,767	0	4,111	5,767	28.72%
2/1/2015*	4,154	4,994	0	4,154	4,994	16.82%
3/1/2015*	4,039	5,925	0	4,039	5,925	31.83%
4/1/2015*	4,446	6,554	0	4,446	6,554	32.16%
5/1/2015*	5,010	6,385	119	4,891	6,385	23.40%
6/1/2015*	4,929	8,228	112	4,817	8,228	41.45%
7/1/2015*	5,153	7,915	172	4,981	7,915	37.07%
8/1/2015*	6,275	8,584	343	5,932	8,584	30.89%
9/1/2015*	6,049	7,598	455	5,594	7,598	26.38%
10/1/2015*	5,861	6,657	749	5,112	6,657	23.20%
11/1/2015*	5,078	6,614	397	4,681	6,614	29.23%
12/1/2015*	4,496	5,454	426	4,070	5,454	25.38%
12-Month Rolling Water Loss				40,078	57,435	30.22%

EPCOR WATER ARIZONA

Willow Valley 2015 Water Production

*Provided to EPCOR by Willow Valley Water Company (Global Water Resources, Inc.)

** This was labeled "King Street" when received from Global, however that well is not in service. EPCOR believes this was intended to represent Unit 17

Unit 17**

MONTH	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	Gallons Utilized by Utility
1/1/2015*	3,559	5,374	
2/1/2015*	3,532	4,366	
3/1/2015*	3,517	5,349	
4/1/2015*	3,859	5,812	
5/1/2015*	4,365	5,680	107,000
6/1/2015*	4,282	7,366	100,000
7/1/2015*	4,522	6,997	43,000
8/1/2015*	5,477	7,546	327,250
9/1/2015*	5,269	6,733	441,397
10/1/2015*	5,108	5,827	589,285
11/1/2015*	4,312	5,886	383,355
12/1/2015*	3,891	4,839	407,725

EPCOR WATER ARIZONA

Willow Valley 2015 Water Production

*Provided to EPCOR by Willow Valley Water Company (Global Water Resources, Inc.)

CIMMARON

MONTH	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	Gallons Utilized by Utility
1/1/2015*	552	393	
2/1/2015*	622	628	
3/1/2015*	522	576	
4/1/2015*	587	742	
5/1/2015*	645	705	12,000
6/1/2015*	647	862	12,000
7/1/2015*	631	918	129,000
8/1/2015*	798	1,038	16,000
9/1/2015*	780	865	14,000
10/1/2015*	753	830	159,511
11/1/2015*	766	728	14,000
12/1/2015*	605	615	18,000